

CUSTOMER SATISFACTION OF PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS: AN OVERVIEW

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ABSTRACT

As Indian banking sector enters the new millennium, the most crucial challenge, it has to face, is in the realm of customers satisfaction. Customer's satisfaction is an important theoretical as well as practical issue for most marketers and customer researchers. Customer's satisfaction can be considered the essence of success of success in today's highly competitive world of business. In general, satisfaction is a person's feelings of pleasure of disappointment resulting from comparing a product's perceived performance in relation to his or her expectations. If the performance falls short of expectation, the customer is dissatisfied, if the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. Customers become the focal point for the banking business so that bankers have to involve themselves totally in anticipating, identifying, reciprocating and satisfying their customers in a mutually rewarding manner. Realizing this there is a strong feeling in the modern banks that each individual employee working with them has to act as a marketing person who contributes to the total satisfaction of their customers. Latest business models have attached the highest importance to customer satisfaction for the success of an organization.

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INTRODUCTION

Modern banking in India started only in the eighteenth century. The first bank in India was established in 1770 by an agency house, Alexandra and Co. This bank was named

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as the “Bank of Hindustan”. Since independence, the Indian banking system has made significant progress. For the healthy growth of the banking system in the country Banking Regulation Act, was passed in 1949. According to this, the Reserve Bank of India was authorized to control the banking system in the country. The reserve Bank of India performs all the functions of a central bank viz, issue of notes, banker to the state, regulation of banking system in the country, exchange control, credit control etc. it advises the government on the formation of monetary policy, it meets the financial needs of agriculture, industry, trade, and transport, small industry etc. in the interest of the economic development of the country. It helps in alleviating poverty, removing regional inequalities, and unemployment. At the turn of the century, there were over a hundred more cooperative banks, non-banking financial companies, and other financial institutions in India. Most of these organizations were seen to be offering Vannila-banking services with minimal differentiation.

A few years ago, the banking industry could be classified into specific categories like public sector, private sector, foreign banks, etc. even at present the scenario could not be more different. The strategic focus of the banks changed from production-oriented to customer-oriented. The attempts of the banks to increase the number of services, innovate new products, invest in hi-tech infrastructure and develop customer’s relationship management systems to attract customers from rival banks with incentive schemes, package services, better service quality and competitive service standards.

Virtually every model of the satisfaction formation process posits that feeling of satisfaction arises when customers compare their perception of a product performance to their expectations. Customer’s expectations are beliefs about service delivery that functions as standards or reference points against which performance is judged. Expectations have a central role in influencing satisfaction with services in the banking sector expectations of the customers have undergone a sea change with the availability of banking services to the customers at their door steps through the help of technology.

1.1 Review of Literature

Let view of the fact that customer’s satisfaction is indispensable in the banking organization, many government and non-government agencies as well as individual academicians and practitioners undertook various studies.

Oliver (2001) expressed his view about customer’s satisfaction that customer’s satisfaction is a feeling or attitude of a customer towards a product or service after it has been used and is generally described as the full meeting of one’s expectation.

Codatte (2003) argued that customer develops norms for product performance based on general product experience and these, rather than expectation from a brands’ performance, determine the confirmation/disconfirmation process.

Westbrook (2005) argued that in addition to cognitive components satisfaction judgments are also dependent upon effective components as both coexist and make independent contribution to the satisfactory judgments.

Levesque (2007) conducted a study to confirm and reinforced the idea that unsatisfactory customer service leads to a drop in customer’s satisfaction and willingness to recommend the service to a friend. This would, in turn, lead to an increase in the rate of switching by customers.

East (2009) suggested that customer's satisfaction is a major outcome of marketing activities whereby it serves as a link between the various stages of customers buying behavior, if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try time extensions.

Ahmad, Anderson, Campbell and Rajkamal (2014) have evaluated services of the banks in term of customers satisfaction parameters and, therefore, have made good contribution in the field of research in the area. However, a human customer is a complex organism, a human customer is a complex organism, always changing with changing times, the preferences and priorities also do not remain static which change his/her perception about the satisfaction or dissatisfaction regarding the services he/she gets from the banks. Taking this into consideration, the above studies lose their relevance and there is a need to conduct a fresh study on the subject. It is against this backdrop that the present study is undertaken with a view to fill up this gap.

1.2 Objectives of the Study

The main objective of the study is to determine the customer's satisfaction in public and private sector banks. To achieve the main objective of the following are set as sub-objectives:

- To study the customers satisfaction in public sector banks.
- To study the customers satisfaction in private sector banks.
- To find out the comparative analysis of customer satisfaction in private sector and public sector banks.

1.3 Hypotheses of the Study

The following hypotheses are proposed:

- To be treated on public sector banks
H1: There exists a significant difference among the level of customer satisfaction in the public sector banks.
- To be treated on private sector banks.
H2: There exists a significant difference among the level of customer satisfaction in the private sector banks.
- To be treated on comparison.
H3: there exists a significant difference among the level of customers satisfaction in the public and private sector banks.

RESEARCH METHODOLOGY

Sampling design: A sample of 200 respondents had been drawn from the various socio-economic strata, at different designation and having different educational qualification and belongs to different age groups on the line of "Convenience Sampling" method. In this method, the sample units are chosen primarily on the basis of the convenience to the investigator. The banking sector chosen for the study two banking sectors like public sector banks and private sector banks have been chosen for the study. Data collection: Primary data were collected from a samples of 200 respondents.

Table – 1: *Distribution of Customers Samples*

Nature of the Banks	Number of Respondents
Public Sector	100
Private Sector	100
Total Sample Size	200

Chosen by convenience sampling method. In order to collect the necessary data for the researcher visited the concerned banks administered the questionnaire personally to the respondents. The questionnaire was included 20 variables which determine the satisfaction of the customers of the public and private sector banks. The views of the customers regarding their satisfaction and dissatisfaction have been qualified on the basis of scale having five points. These five points and their respective score values in the scale are given as under:

Points of scale	Assigned Score
Very satisfied	5
Satisfied	4
Neither satisfied nor dissatisfied	3
Dissatisfied	2
Very dissatisfied	1

A high score in the corresponding dimension indicates a very high satisfaction of the customers. Score in the low range indicates conversely low satisfaction of the customer. Since the questionnaire was a survey, the dimensions selected for measuring customers satisfaction have been selected as below:

- Ability to resolve complaints
- Responsiveness of the banks staff
- Banking services
- Counter services
- Accounts and deposits of the banks

Techniques of data analysis: The following techniques were used to study the objectives:

- Mean
- Standard deviation
- Z-test

2.1 Limitation of the Study

The findings of the study are purely an outcome of the responses given by the sample respondents of the four banks considered for the study. The customers responses are subject to personal bias. The study has been made in the Salem District, as such generalization of the study findings need enough care and caution.

ANALYSIS AND RESULTS OF THE STUDY

The analysis of the data is discussed as followings:

Ability to Resolve Complaints: One of the important dimensions of customers satisfaction is the Ability to Resolve Customers Complaint. The fundamental philosophy to

succeed for all the banks would be to view complaints of customers as opportunities to do better by turning a disgruntled customer into a satisfied one. Variables like, outcome of complaints and handling of complaints are the important ingredients of measuring customers satisfaction. The views of customers about this dimension under study are exhibited in table 1.

The study of table 1 reveals that public sector banks provides the highest satisfaction to its customers, as the combined mean score of two variables which determine the satisfaction of the customers on the basis of the ability to resolve complaints which is represented by the combined mean score is 4.08. This score is in between very satisfied and satisfied. The view expressed but the customers are consistent as the standard deviation is 0.97.

The customers of the private sector banks express their level of satisfaction below very satisfied mean value being 3.92. However, the score of standard deviation show some inconsistent views of customers in case of the private sector banks.

Further analysis of table 1 indicates that in case of public sector banks and private sector banks, the outcome of complaints and handling of complaint are the highly contributed factor towards the satisfaction of customers by the public sector bank. This was due to the fact that customers of public sector banks are satisfied than private sector banks or a few customers were made.

Table 2

No	Variables	Public Sector	Banks	Private Sector	Banks
		Mean	S.D	Mean	S.D
1	Outcome of complaints	4.51	0.732	4.30	0.847
2	Handling of complaints	3.67	1.215	3.54	1.176
	Combined mean/SD	4.09	0.097	3.92	1.01

3.1 Complaints to their Banks

Responsiveness of the banks staff: Customers satisfaction with bank staff refers to the willingness of the bank employees to help customers and provide prompt services to its customers.

The factor is linked to several minor ingredients of the satisfaction experienced by the customers such as courtesy of the staff; banks employees willingness in helping customers; knowledge to perform the service; information delivery; quality of information received and attitude of banks staff. The politeness, respect, consideration and friendliness of the service providers can be bundled into the term courtesy.

An investigation of table 2 reveals that public sector banks provides that highest satisfaction to its customers, as the combined mean score of different variables which

Table 3

No	Variables	Public Sector	Banks	Private Sector	Bank
		Mean	S.D	Mean	S.D
1	Courtesy of the banks staff	3.15	1.218	3.77	1.213
2	Helpfulness of the bank staff	3.72	1.583	3.47	1.466
3	Knowledge of the banks staff	3.22	1.211	3.15	1.242

4	Bank information delivery to customers	2.47	1.425	2.04	1.197
5	Quality of information received	3.10	1.367	3.06	1.369
6	Attitude of the banks staff	2.25	1.209	2.10	1.176
	Combined Mean / SD	2.99	1.34	2.93	1.28

Determine the satisfaction of the customers on the basis of the responsiveness of the bank which is represented by the combined mean 2.99. The mean score of the public sector banks lies in between satisfied or very satisfied. The views expressed by the customers of the public sector banks are inconsistent as the standard deviation is 1.34.

In private sector banks, courtesy of the staff is the highly contributed factor towards satisfaction of the customers of the banks and helpfulness of the banks staff and quality of information received is the highly contributed factor towards satisfaction of the customers of the private sector banks.

Banking services: The variety of the product and services sold by the bank is a dominant factor for the success of any bank. The prime aim of every bank is to provide excellent service to their customers. The services like, ATMs card; Demand draft; Cheque book; net banking are the important ingredients of measuring customers satisfactions.

The analysis of table 3 indicates that the public sector banks provides the highest satisfaction to its customers as the combined mean score of different variables which

Table 4

No	Variables	Public Sector	Banks	Private Sector	Bank
		Mean	S.D	Mean	S.D
1	ATM cards	4.12	1.094	4.14	1.215
2	Demand Drafts	3.05	1.048	3.00	0.921
3	Cheque Book	3.30	1.481	3.21	1.520
4	Net Banking	3.11	1.238	3.06	1.188
	Combined Mean/ SD	3.40	1.22	3.35	1.21

Determine the satisfaction of the customers on the basis of the banking services which is represented by the combined mean 3.40. The mean score of the banks lies in between satisfied or very satisfied. The views expressed by the customers of the public sector banks are consistent as the standard deviation is insignificant 1.22.

Speed of counter services: Customers satisfaction with counter service refers to customers satisfaction with the time taken for deposit cash and speed of withdrawal of cash from the bank, issue a draft and speedily collection of customers cheques. All have an important role to play in determining the satisfaction of the customers pertaining to the efficiency of the bank.

An investigation of table 4 indicates that the highest satisfaction of customers is provide by the public sector banks as the combined mean score of different variables which determine the satisfaction of the customers on the basis of the speed of counter services which is represented by the combined mean 3.65. the mean score of the public sector banks lies in between neither satisfied, nor dissatisfied, and satisfied.

The satisfaction of customers of the private sector banks lies in between dissatisfied and neither satisfied, nor dissatisfied, mean value being 3.61. The views

Table 5

No	Variables	Public Sector	Banks	Private Sector	Bank
		Mean	S.D	Mean	S.D
1	Cash deposits	4.48	0.785	4.08	1.107
2	Cash payment	3.09	1.386	3.52	1.235
3	Issue a draft	3.40	1.054	3.32	1.053
4	Cheque payments	3.78	1.353	3.74	1.440
5	Cheque deposits	3.52	1.359	3.39	1.399
	Combined Mean / SD	3.65	1.187	3.61	1.247

Expressed by the customers of private sector banks are inconsistent as the standard deviation is 1.27. Accounts and Deposit of the Bank: Accounts and deposit of the Bank Customers satisfaction with bank account and deposits refers to the satisfaction of customers with saving account current account and fixed deposits of the bank.

An introspection of table 5 indicates that the highest satisfaction of customers is provided by the private sector banks, as the combined mean score of different variables

Table 6

No	Variables	Public Sector	Banks	Private Sector	Bank
		Mean	S D	Mean	S D
1	Saving A/C	2.92	1.412	3.01	1.439
2	Current A/C	3.18	1.192	3.19	1.228
3	Fixed Deposit A/C	3.65	1.258	3.61	1.145
	Combined Mean / SD	3.25	1.287	3.27	1.271

Table 7

No	Variables	Public Sector	Banks	Private Sector	Bank	'Z' Value
		Mean	S D	Mean	S D	
1	Ability to resolve complains	8.18	1.359	7.84	1.434	2.036
2	Responsiveness of the bank's staff	17.91	3.156	17.59	2.555	0.932
3	Banking services	4.12	1.094	4.41	1.215	-0.15
4	Counter services	4.48	0.785	4.08	1.107	3.488
5	Accounts and deposits in the banks	9.75	1.935	9.81	1.873	-0.26
	Combined Mean / SD	8.89	1.666	8.69	1.637	1.779

Which determine the satisfaction of the customers on the basis of the accounts and deposit of the banks which is represented the combined mean 3.27. The mean score of the banks lies in between satisfied or very satisfied.

The satisfaction level of customers of the public sector banks, the banks is in between satisfied or very satisfied as mean score is 3.25. However, the score of standard deviation of the banks shows some inconsistent views of customers. As the standard deviation score is 1.287 for the public sector banks.

The findings of present study reveal that customers have the highest satisfaction with saving account of both sector followed by fixed deposit in public sector and current account in private sector highlighted by the respondents. Customers have maximum satisfaction with saving accounts of the both public and private sector banks.

Overall Customers satisfaction: The overall satisfaction of the customers which has been summed up in the table 6 reveals that in all the banks the satisfaction level ranges between satisfied, and neither satisfied, nor dissatisfied.

A comparison of two sector viz. public and private reveals that the customers in both the banks are somewhat close to each other. The calculated Z-value regarding responsiveness of the staff (0.932), banking services (-0.15) and accounts and deposits (-0.26) is less than the table value of Z-test at 5% level of significance.

As far as comparison of public sector banks and private sector banks is concerned, the calculated Z-value between the mean score of public sector banks and private sector banks is greater than the critical value of Z-test that is 1.96 at 5% level of significance with respect to ability to resolve complaints, thus the alternative hypothesis that there exists a significant difference amount the level of customers satisfaction in public and private sector banks is accepted. However, with respect to other dimensions of customer's satisfaction, the calculated Z value is greater than the table value of Z test at 5% level of satisfaction.

FINDINGS

The banking sector in India is undergoing major changes due to competition and the advent of technology. The customer is looking for quality services which can provide him/her satisfaction. This study reveals the customers satisfaction level of public and private sector banks and their comparison.

4.1 The Analysis of Data Brings Out the Followings Findings

- It is evident that public sector banks have been more sincere in solving and handling of customers complaints in the present study.
- It is found that the employees of the public sector banks have been maximum courtesy with their customers, more willing to help customers, more knowledgeable in answering customers questions, and excellent in giving information to their customers.
- These findings propose that the employees of public sector banks are very attentive towards it customers as compared to private sector banks.
- ATM cards and cheque book service are the highly contributed factors towards the satisfaction of customers in public sector banks.
- In private sector banks, ATM cards service and Net Banking factors towards satisfaction of the customers.
- The findings of the study propose that customers of public sector banks are more satisfied with their accounts and deposits of the banks than private sector banks.

SUGGESTIONS

Satisfaction of needs and wants of the customers is the major role of effective marketing in the best possible customer's services. During the working on this study, the

investigator felt some area of improvement in the banks. There are some suggestions to improve the banking services, which are given below:

- Public sector banks need to improve their counter services.
- Employees should be given training to improve their attitude
- Banks should arrange meetings with their customers to promptness in providing the services customers to offer suggestions and complaints.
- The working hours of the banks must be as flexible as possible. The operating hours must be extended depending upon the needs and desires of customers.
- As so many customers still using ATM cards, so there should be required more ATM machines for the convenience of the customers.

It is believed that the suggestions offered above, if properly implemented, will go a long way in ensuring customers Satisfactions in the banks under study.

CONCLUSION

It can be concluded that public sector banks provides better services to their customers than the private sector banks. The customers of public sector banks are more satisfied with traditional banking services such as (ATM: Demand Draft and Cheque Book Facilities) and Bank Accounts as compared to private sector banks are more satisfied with counter services such as cash deposit, cash payment and cheque deposit provided by the bank.

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